

Legal assistance; bondsmen's fees. An organization otherwise qualifying for exemption under section 501(c)(3) of the Code that provides free legal services and funds necessary to pay the commercial bondsmen's fees for indigent persons accused of crimes is operated exclusively for charitable purposes.

Advice has been requested whether an organization which otherwise qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954 is operated exclusively for charitable purposes if it engages in the activities described below.

The organization is operated for the purpose of providing free legal services and funds necessary to pay the fees of commercial bondsmen for indigent persons accused of crimes who are otherwise financially unable to obtain such services. At any stage of the proceedings where posting of a bond is required, the organization furnishes bondsmen's fees on behalf of such persons. It is supported by contributions from members of the local bar association and the general public. No part of the organization's own resources is posted as bond for accused persons.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable purposes.

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations defines 'charitable' as including relief of the poor and distressed or of the underprivileged.

Rev. Rul. 69-161, 1969-1 C.B. 149, holds that a legal aid society providing free legal services to indigent persons otherwise financially incapable of obtaining such services, qualifies for exemption under section 501(c)(3) of the Code.

Similarly, the payment of bondsmen's fees on behalf of accused persons otherwise financially incapable of paying such fees constitutes a form of relief of the poor and distressed. Such activity qualifies, therefore, as charitable within the meaning of section 501(c)(3) of the Code. Accordingly, the organization is operated exclusively for charitable purposes and is exempt from Federal income tax under section 501(c)(3).

Compare Rev. Rul. 76-21, page 147, this Bulletin, which holds that an organization qualifies under section 501(c)(3) of the Code where it posts bail for persons who are otherwise incapable of paying for such bail, where such activity is carried out as part of an integrated program for their release and rehabilitation.

Even though an organization considers itself within the scope of this Revenue Ruling, it must file an application on Form 1023, Application for Recognition of Exemption, in order to be

recognized by the Service as exempt under section 501(c)(3) of the Code. The application should be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization. See sections 1.501(a)-1 and 1.508-1(a) of the regulations.